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MINERAL INDUSTRY SURVEYS

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PRECIOUS METALS IN DECEMBER 1996

Domestic

U.S. mines produced 26,900 kilograms of gold and 124,000 kilograms of silver in December.

The merger of Homestake Mining and Santa Fe Pacific Gold, the fourth and sixth largest North American gold mining companies, respectively, will create the world's fourth largest gold producer and North America's second largest gold company. This merger agreement has been unanimously approved by both boards of directors.¹

The Federal Government disposed of 7 million troy ounces of silver held in its National Defense Stockpile through the production of coinage for its commemorative and bullion programs in 1995. Based on the yearly average reduction of silver stocks in the Stockpile from 1985 to 1995, The Silver Institute forecasts that silver stocks will be depleted by the end of the first quarter of 2000.²

International

The organizing committee for the Sydney 2000 Olympic games has signed a Memorandum of Agreement with the Royal Australian Mint and the Perth Mint to produce 240,000 10-gram gold coins, 1.6 million 1-ounce silver coins, and 28 different base metal coins. The gold coins feature 8 different sporting theme designs. The silver coins feature 16 different Australian icons and other cultural themes.³

According to Valery Rudakov, former head of the country's Soviet-era gold administration, Russia's gold industry is badly managed and has too many small players. Currently, there are 650 producers licensed to mine gold in Russia, but fewer than 15 major companies control about half the country's aggregate gold output, while the majority of companies are just surviving.⁴

Nelson Gold resumed operations at the Jilau open-pit mine in Tajikistan, and exported 12,700 ounces of gold bullion from the mine. Nelson Gold's president, Glenn Laing, says it is the

largest single private shipment of gold from the former Soviet Union. A carbon-in-leach plant is operating at the Jilau mine at design capacity, and construction of a heap-leach facility is underway.⁵

According to the Chamber of Mines, South African gold production will fall by 30 metric tons of gold in 1996, the lowest level in 40 years. The decline is attributed to inflexible public holidays and declining labor productivity.⁶

China's Laizhou gold mine, in Shangdong Province, increased its output by 39 percent in 1996 to 1,500 tons of ore per day, making it the largest open pit gold mine in China. The Laizhou deposit is so vast that, even under current mining rates, the mine has an estimated life of 100 years.⁷

Update

The Dutch Central Bank sold 300 tons of gold from its reserves in 1996. This sale represents one-fifth of its holdings and raised \$3.8 billion to be used as interest-bearing foreign currency reserves. The 300 tons of gold, some 9.6 million troy ounces, is almost as much as the entire annual output of the United States.⁸

Indian residents overseas will be allowed to bring 10 kilograms of gold into India as part of their baggage. This amount doubles the old limit. Residents must have been abroad for 6 months or more before they can qualify, and they will be required to pay a "nominal" import duty on the gold they bring. The easing of gold import rules does not apply to imports under other schemes, such as gold jewelry export promotions.⁹

Rebel forces in Zaire have taken control of the Bunia gold mine, in eastern Zaire.¹⁰

China's Ministry of Metallurgical Industry estimated 1996 Chinese gold production at 118 tons of gold, up 10 tons of gold from 1995. The actual figure could be 10 to 20 percent higher if unreported and illegal production were included.¹¹

The first authoritative indication of the size of the gold market was revealed January 29, 1997, by the London Bullion Market Association (BMA). Deals involve about 30 million ounces, or 930 tons, of gold valued at more than \$ 10 billion every working day in London, the international settlement center for gold bullion. The BMA has overturned years of tradition and secrecy to provide statistics illustrating the size and depth of the London market.¹²

¹Platt's Metals Week. Homestake Mining and Santa Fe Pacific agree to merge. V. 67, No. 50, p. 2.

²International Precious Metals Institute. Economic Report. V. 20, No. 7, Nov.-Dec. 1996, p. 3.

³Metal Bulletin. Hotline. No. 8141, Dec. 31, 1996, p. 12.

⁴Platt's Metals Week. Russia's Gold Industry Badly Managed: Rudakov. V. 67, No. 45, Dec. 30, 1996, p. 1.

⁵The Northern Miner. Nelson Gold puts Jilau Mine back on-stream. V. 82, No. 44, Dec. 30, 1996, p. 1.

⁶Platt's Metals Week. SA gold output at 40-year low. V. 67, No. 48, Dec. 2, 1996, p. 12.

⁷_____. Laizhou ore output at 1,500 mt/day. V. 67, No. 48, Dec. 2, 1996, p. 12.

⁸World Gold Council. Dutch sale. V.5, No. 1, Jan. 1997, p.1.

⁹Platt's Metals Week. India eases gold import rules. V. 68, No. 1, Jan. 6,

1997, p. 11.

¹⁰Platt's Metals Week. Rebels take over Zaire gold mine. V. 68, No. 1, Jan. 6, 1997, p. 11.

¹¹_____. China Au output figure released. V. 68, No. 1, Jan. 6, 1997, p. 11.

¹²Financial Times. Extent of global gold market revealed. Jan. 30, 1997, p. 1.

Publications on the Internet

Monthly, quarterly, and annual Minerals Information publications are now available through the World Wide Web (www). These publications include Mineral Commodity Summaries, Minerals Yearbook, Mineral Industry Surveys, and Metal Industry Indicators. To access Minerals Information publications, visit the Minerals Information home page at <http://minerals.er.usgs.gov/minerals>.

TABLE 1
MINE PRODUCTION OF RECOVERABLE GOLD AND SILVER IN THE UNITED STATES, BY STATE 1/

(Kilograms)

States	1995 p/			1996 p/				
	1995 2/	December	Jan. - Dec.	January	February	March	April	May
Gold:								
Arizona	1,920	233	2,780	236	229	178	161	168
California	26,200	1,730	20,200	2,110	1,940	2,210	2,250	2,170
Idaho	8,850	277	3,000	W	W	W	W	W
Montana	12,400	894	13,600	791	642	836	968	959
Nevada	213,000	19,900	222,000	15,400	16,000	17,400	16,400	18,100
Other States 3/	58,000	4,310	51,500	4,990	4,680	5,220	5,040	4,860
Total	320,000	27,300	313,000	23,600	23,500	25,900	24,800	26,300
1996 p/								
	June	July	August	September	October	November	December	Jan. - Dec.
Arizona	117	119	158	228	223	125 r/	124	2,060
California	2,210	2,080	1,880	1,920	1,920	1,860	1,980	24,500
Idaho	W	W	W	W	W	W	W	W
Montana	703	987	1,010	968	1,140	929 r/	876	10,800
Nevada	17,500	19,000	19,300	18,500	19,100 r/	18,000 r/	18,700	214,000
Other States 3/	4,960	4,990	5,250	5,580	5,320	4,820 r/	5,240	60,900
Total	25,500	27,200	27,600	27,200	27,700 r/	25,700 r/	26,900	312,000
1995 p/								
	1995 2/	December	Jan. - Dec.	January	February	March	April	May
Silver:								
Arizona	220,000	16,700	172,000	14,900	16,500	13,100	14,700	15,200
California	12,700	1,200	12,100	1,460	1,440	1,520	W	1,990
Idaho	182,000	12,700	161,000	14,100	14,800	16,600	11,300	16,700
Montana	76,100	6,780	75,800	5,820	5,140	W	W	W
Nevada	766,000	54,800	653,000	42,700	42,600	44,000	39,800	49,400
Other States 4/	380,000	28,800	382,000	30,400	25,700	34,900	40,100	34,500
Total	1,640,000	121,000	1,460,000	109,000	106,000	110,000	106,000	118,000
1996 p/								
	June	July	August	September	October	November	December	Jan. - Dec.
Arizona	12,100	13,700	13,600	12,900	12,500	13,900 r/	14,100	167,000
California	1,570	1,990	1,470	1,330	1,450	1,340	1,250	16,800
Idaho	16,300	18,300 r/	17,900 r/	17,000 r/	17,200 r/	16,300 r/	17,200	194,000
Montana	W	W	W	W	W	W	W	11,000
Nevada	57,700	55,300	53,900	57,200	67,700 r/	48,900 r/	56,000	615,000
Other States 4/	39,800	38,400	45,800	37,500	35,800	32,200 r/	35,500	431,000
Total	127,000	128,000 r/	133,000 r/	126,000 r/	135,000 r/	113,000 r/	124,000	1,430,000

p/ Preliminary. r/ Revised. W Withheld to avoid disclosing company proprietary data; included in "Other States."

1/ Data are rounded to three significant digits; may not add to totals shown.

2/ Includes annual reporters.

3/ Includes Alaska, Colorado, New Mexico, South Carolina, South Dakota, Utah, Wisconsin, and State indicated by symbol "W."

4/ Includes Alaska, Colorado, Michigan, Missouri, New Mexico, New York, South Carolina, South Dakota, Utah, Wisconsin, and States indicated by symbol "W."

TABLE 2
SELECTED PRECIOUS METAL PRICES

(Dollars per troy ounce)

	Gold	Silver	Platinum	Palladium
<u>Engelhard Industries:</u>				
<u>1995:</u>				
<u>Year :</u>				
Low/date	373.68 (Jan. 09)	4.39 (Mar. 03)	404.00 (Mar. 02)	130.00
High/date	396.87 (Apr. 19)	6.02 (May 04)	462.00 (May 04)	179.00
Average	385.50	5.21	425.36	153.34
<u>1996:</u>				
<u>November:</u>				
Low/date	374.28/27	4.72/26	377.00/27	117.00
High/date	384.90/13	4.95/20	389.00/12	122.00
Average	379.76	4.84	383.58	119.42
<u>December:</u>				
Low/date	368.67/03	4.67/03	368.00/16	117.00
High/date	372.18/04	4.88/27	375.00/04	119.00
Average	370.31	4.81	371.15	119.85
<u>Year to date:</u>				
Low/date	368.67 (Dec. 03)	4.67 (Dec. 03)	368.00 (Dec. 16)	117.00
High/date	391.06 (Aug. 05)	5.82 (Feb. 02)	433.00 (Feb. 05)	146.00
Average	389.17	5.20	397.97	130.39
<u>1997:</u>				
<u>January:</u>				
Low/date	346.74/31	4.65/08	352.00/31	122.00
High/date	367.82/01	5.05/27	370.00/01	129.00
Average	356.36	4.78	360.59	124.73
<u>Handy and Harman:</u>				
<u>1995:</u>				
Average	384.22	5.19	XX	XX
<u>1996:</u>				
November	378.46	4.83	XX	XX
December	369.02	4.79	XX	XX
Average	387.81	5.18	XX	XX
<u>1997:</u>				
January	355.10	4.76	XX	XX
<u>London Final:</u>				
<u>1995:</u>				
Average	384.16	5.22	XX	XX
<u>1996:</u>				
November	377.85	4.83	XX	XX
December	369.00	4.82	XX	XX
Average	387.70	5.20	XX	XX
<u>1997:</u>				
January	355.10	4.77	XX	XX

XX Not applicable.

Source: Platt's Metals Week.

TABLE 3
U.S. IMPORTS AND EXPORTS OF GOLD, BY COUNTRY 1/

(Kilograms of gold content, unless otherwise specified)

Country	Ores and concentrates 2/	Dore and precipitates	Refined bullion 3/	Total	Waste and scrap 4/ (gross weight)
Imports for consumption:					
1995:					
Year	5,020	9,820	111,000	126,000	14,400
1996:					
September	187	1,090	11,200	12,400	855
October	215	1,730	12,700	14,600	1,260
November:					
Brazil	--	--	2,600	2,600	--
Canada	--	2	4,980	4,980	110
Chile	--	23	1,050	1,070	43
Colombia	--	--	1,120	1,120	--
Dominican Republic	--	--	107	107	516
Mexico	257	739	501	1,500	130
Peru	--	11	494	505	22
Philippines	--	--	--	--	226
Other	--	34	1,240	1,280	204
Total	257	809	12,100	13,200	1,250
Year to date	3,200	11,200	131,000	146,000	12,000
Exports:					
1995:					
Year	345	69,700	277,000	347,000 5/	74,700 5/
1996:					
September	36	8,600	16,700	25,300	7,650
October	96	6,630	18,400	25,200	6,600
November:					
Canada	82	2,140	259	2,490	3,330
Germany	--	--	11	11	691
Hong Kong	--	--	990	990	74
Korea, Republic of	--	--	505	505	--
Mexico	--	--	540	540	--
Switzerland	--	3,940	1,010	4,950	--
Taiwan	--	--	1,020	1,020	179
United Kingdom	--	1,230	4,120	5,350	791
Other	20	499	271	790	395
Total	102	7,820	8,730	16,600	5,460
Year to date	372	59,400	392,000	452,000	84,500

1/ Data are rounded to three significant digits; may not add to totals shown.

2/ Includes gold content of base metal ores, concentrates, and matte imported for refining.

3/ Bullion also moves in both directions between U.S. markets and foreign stocks on deposit in the Federal Reserve Bank. Monetary gold excluded.

4/ "Waste and scrap" not included in "Total."

5/ All or part of these data have been referred to the Bureau of the Census for verification.

Source: Bureau of the Census.

TABLE 4
U.S. IMPORTS AND EXPORTS OF SILVER, BY COUNTRY 1/

(Kilograms of silver content, unless otherwise specified)

Country	Ores and concentrates 2/	Dore and precipitates	Refined bullion	Total	Waste and scrap 3/ (gross weight)
Imports for consumption:					
1995:					
Year	225,000	395,000	2,630,000	3,250,000	2,140,000
1996:					
September	9,990	39,500	206,000	256,000	107,000
October	11,800	16,900	208,000	236,000	163,000
November:					
Brazil	--	--	5,530	5,530	--
Canada	--	--	91,700	91,700	11,000
Chile	--	15,400	6,000	21,400	15
El Salvador	--	--	--	--	794
Germany	--	--	--	--	22,000
Japan	--	--	--	--	13,500
Malaysia	17,900	--	--	17,900	26,600
Mexico	--	491	77,700	78,200	273
Netherlands	--	--	--	--	19,800
Peru	--	29	9,340	9,370	--
Philippines	--	2,200	--	2,200	13,200
Singapore	--	--	--	--	6,170
United Kingdom	--	--	--	--	37,800
Other	--	69	93	162	458
Total	17,900	18,100	190,000	226,000	152,000
Year to date	135,000	244,000	2,090,000	2,680,000	1,640,000
Exports:					
1995:					
Year	743	72,100	2,810,000 4/	2,880,000	1,580,000
1996:					
September	34	1,220	310,000	312,000	84,400
October	--	1,370	403,000	405,000	91,000
November:					
Belgium	--	--	--	--	5,190
Canada	--	--	13	13	34,700
China	--	--	--	--	5,370
France	--	--	--	--	1,590
Germany	--	--	--	--	2,790
Hong Kong	--	--	200	200	--
Japan	--	264	--	264	18,000
Switzerland	--	412	18,200	18,600	--
Taiwan	--	2,790	--	2,790	197
United Arab Emirates	--	705	--	705	--
United Kingdom	--	--	20,000	20,000	10,200
Other	17	111	62	190	2,530
Total	17	4,280	38,500	42,800	80,600
Year to date	795	38,600	2,830,000	2,870,000	1,190,000

1/ Data are rounded to three significant digits; may not add to totals shown.

2/ Includes silver content of base metal ores, concentrates, and matte imported for refining.

3/ "Waste and scrap" not included in "Total."

4/ All or part of these data have been referred to the Bureau of the Census for verification.

Source: Bureau of the Census.

TABLE 5
U.S. IMPORTS AND EXPORTS OF PLATINUM-GROUP METALS, BY COUNTRY 1/

(Kilograms of metal content, unless otherwise specified)

Country	Ores and concentrates	Waste and scrap (gross weight)	Refined				Osmium	Ruthenium
			Platinum	Palladium	Rhodium	Iridium		
Imports for consumption:								
1995:								
Year	123	6,350	71,500 2/	124,000	9,600	1,450	69	7,520
1996:								
September	--	744	5,870	8,420	670	172	--	638
October	--	592	6,650	15,600	513	55	--	1,590
November:								
Belgium	--	--	213	776	--	--	--	--
Canada	--	1	50	564	--	--	--	--
France	--	--	--	121	--	--	--	--
Germany	--	--	124	213	55	4	--	77
Japan	--	--	--	387	--	--	--	--
Norway	--	--	23	23	8	--	--	--
Russia	--	--	545	23,600	303	--	--	--
South Africa	--	--	4,050	6,270	370	265	--	819
Switzerland	--	--	207	251	--	--	--	16
United Kingdom	--	62	324	609	259	88	--	140
Other	--	117	30	142	7	1	--	4
Total	--	180	5,560	33,000	1,000	358	--	1,060
Year to date	1,960	4,770	66,400	128,000	8,620	1,630	329	14,200
Exports:								
1995:								
Year	598	8,150	19,900	26,000	742	85 3/		
1996:								
September	101	726	1,190	2,160	4	3 3/		
October	34	512	1,240	2,460	6	5 3/		
November:								
Belgium	--	352	337	668	--	--		
Canada	8	--	19	72	--	1 3/		
France	--	--	8	9	--	--		
Germany	--	383	30	150	--	--		
Hong Kong	1	--	--	40	--	--		
Japan	--	--	16	126	3	--		
Korea, Republic of	--	--	3	98	2	--		
Mexico	1	--	7	994	--	--		
Netherlands	--	1	--	312	--	--		
Switzerland	34	--	--	107	--	--		
Taiwan	--	--	3	181	--	1 3/		
United Kingdom	42	491	6	136	--	7 3/		
Other	--	19	94	216	--	4 3/		
Total	86	1,250	523	3,110	5	13 3/		
Year to date	414	7,740	11,900	24,200	182	107 3/		

1/ Data are rounded to three significant digits; may not add to totals shown.

2/ Of this amount, 1,070 kilograms was in the form of platinum coins.

3/ Includes osmium and ruthenium.

Source: Bureau of the Census.